



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS SPACE AND MISSILE SYSTEMS CENTER (AFSPC)
LOS ANGELES AIR FORCE BASE, CALIFORNIA

13 January 2004

MEMORANDUM FOR NORTHROP GRUMMAN CORPORATION
Space Systems Contract Management
Attn: Pam Solis
1100 West Hollyvale Street
P.O. Box 296
Azusa, CA 91702-0296

FROM: SMC/ISKD
185 Discoverer Blvd, Suite 2512
El Segundo, CA 90245-4695

SUBJECT: Alternate Dispute Resolution Memorandum of Agreement Between the
Air Force and Northrop Grumman Systems Corporation

REFERENCE: NGES letter 1321:03-02751 dated 5 Nov 03; same subject

1. Attached is the signed original agreement. Your corporation in getting the agreement revised is appreciated.
2. Please direct any technical questions to Lt Col Steve Jenkins at (310) 363-5736. Contractual questions should be directed to the undersigned at (310) 363-2198.

Melissa A. Applebaum

MELISSA A. APPLEBAUM
Contracting Officer

Atch: Alternate Dispute Resolution Memorandum
Between The Department of the Air Force and Northrop
Grumman Systems Corporation, dated 5 November 2003

Space Based Infrared Systems (SBIRS)
Program Office

Alternate Dispute Resolution
Memorandum of Agreement

Between
The Department of the Air Force
and
Northrop Grumman Systems Corporation

1. The Department of the Air Force (Air Force), and Northrop Grumman Systems Corp., Electronic Systems Sector – Space Systems Division (collectively the Parties) have entered into contracts F04701-86-C-0023, F04701-93-C-0002, F04701-96-C-0004, and F04701-96-C-0031 to acquire Defense Support Program early warning satellites and support. The Parties share the objective of supplying America's war fighters with technologically advanced and reliable equipment in timely manner and at a reasonable price to promote swift, safe and successful accomplishment of the national defense mission. These contracts contain the "Disputes" clause (52.233-1) to implement the Contract Disputes Act of 1978. However, as contemplated by FAR 33.214, the Parties also recognize that Alternative Dispute Resolution (ADR) procedures involving collaborative techniques can be used as an alternative to Disputes Clause procedures in order to avoid the disruption and high cost of litigation, which distracts from mission accomplishment.

2. The Parties agree that they will try to resolve all issues in controversy arising under or related to the contract by negotiation and mutual agreement at the Contracting Officer's level. If negotiations reach an impasse, the Parties agree to use to the maximum extent feasible one or more of the ADR processes contemplated by FAR 33.2 to reduce or eliminate the need for

litigation. The Parties further agree that any ADR process must be structured to allow sufficient time to exchange and analyze any information necessary to obtain and justify a settlement.


3. Consistent with FAR 33.214, in cases where the Parties decide to use ADR, the Parties will prepare and agree to a specific, written ADR agreement appropriate to the controversy, before the ADR process begins. The agreement should normally address the following (as appropriate): authorized representatives for each party; ADR techniques and processes to be utilized and procedures to be followed; methods for the exchange of information; a schedule and procedures for any discovery proceedings, including how to limit discovery/factual exchange; appointment and payment of neutrals; whether and to what extent to stay or suspend any pending litigation; possible audit requirements; confidentiality, at which point the parties will begin negotiations; and a provision for termination of the agreement.

4. If the Contracting Officer rejects the contractor's request to use ADR proceedings, the Contracting Officer shall provide the contractor a written explanation citing one or more of the conditions in 5 U.S.C. 572(b) or such other specific reasons that ADR procedures are inappropriate for the resolution of the dispute. See 41 U.S.C. 605(e) & FAR 33.214(b). If the contractor rejects the government's request to use ADR proceedings, the contractor shall inform the agency in writing of the contractor's specific reasons for rejecting the request.

5. It is not the intent of the Parties that this agreement alter, supplement or deviate from the terms and conditions of any contracts between the Parties, or the legal rights and obligations of the Parties set forth therein. Any changes to those contracts must be executed in writing by authorized contracting officials.

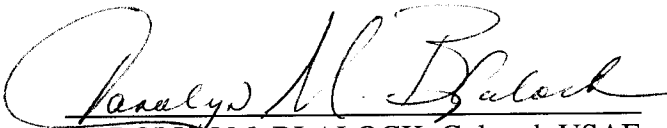
6. In the event either party believes a particular issue is not well-suited to ADR, or is dissatisfied with progress being made in a particular ADR proceeding, that party may, after good faith efforts to resolve the issue, elect to abandon the ADR process and proceed as otherwise provided under contract, regulation or statute. Nothing in this agreement shall be deemed to prevent either party from preserving and exercising its legal rights and remedies during the ADR process.

7. This Alternate Dispute Resolution Memorandum of Agreement between the Parties shall include any and all potential contracts now and in the future under the Defense Support Program.



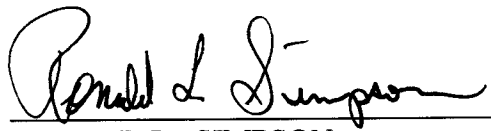
MARK S. BORKOWSKI, Colonel, USAF
Program Director
Space Based Infrared Systems

5 Jun 2004
Date




CAROLYN M. BLALOCK, Colonel, USAF
Chief of Contracts
Space Based Infrared Systems

23 Dec 03
Date



RONALD L. SIMPSON
Director, Military Space
Northrop Grumman Systems Corporation

11/5/03
Date



PAMELA L. SOLIS
Contract Manager
Northrop Grumman Systems Corporation

11/5/03
Date